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Intelligence Advisory and Ov

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WASHINGTON, Oct. 20 — The Reagan Administration announced today that it was reconstituting the President's Foreign Intelligence Advisory Board in an effort to improve "the quality and effectiveness of intelligence available to the United States."

At the same time, the White House appointed the members of the Intelligence Oversight Board, a three-member panel designed to insure the "legality and propriety" of intelligence activities.

Richard V. Allen, the President's national security adviser, who made the announcement, called the two groups "key elements in the President's program to revitalize and strengthen American intelligence capabilities" while "insuring that constitutional rights of all Americans are fully protected."

Mr. Allen said that Anne Armstrong, a Republican who is a former United States Ambassador to Britain, and Leo Cherne, a Democrat who headed the 19-member advisory board under President Ford, would serve as chairman and vice chairman of the reconstituted group.

Mr. Allen also announced that W. Glenn Campbell, director of the Hoover Institution on War, Revolution and Peace at Stanford University, would head the oversight panel.

Advisory Board Controversial

The advisory board has had a controversial history. Its ancestor, known as the President's Board of Consultants on Foreign Intelligence Activities, was created by President Eisenhower in 1956, when the Suez invasion and the Hungarian and Polish uprisings brought serious questions about the adequacy of the nation's intelligence-gathering. Renamed in 1961, the board retained its mandate as an independent body to assess American foreign intelligence efforts.

President Ford created the Intelligence Oversight Board in 1975 in response to abuses by the intelligence agencies disclosed after the Vietnam War and Watergate.

In May 1977, President Carter abolished the advisory board, but retained the oversight panel. Former members of the advisory board said that Mr. Carter had been told that while it had little direct effect on intelligence operations or policy, it had been a source of tension in the intelligence community.

Two Teams Were Set Up

Mr. Cherne recalled today, for example, that it was the advisory board's recommendation that prompted the Central Intelligence Agency to establish two "teams" to examine Soviet military strength and spending. That experiment, authorized by George Bush, then Director of Central Intelligence, generated profound disputes in the intelligence community and made the board unpopular among some intelligence officers, Mr. Cherne said.

Mrs. Armstrong said in an interview today that the advisory board had "a splendid track record," including having pressed intelligence agencies to place greater emphasis on overhead reconnaissance, economic intelligence and competition in analysis.

Mrs. Armstrong stressed that she and President Reagan, who telephoned her this morning to offer her the post, believed in "competition" in analysis, and that fostering it would probably be one of her key goals.

According to the executive order recreating the advisory board, it will report directly to the President. It will have authority to "review the performance of all agencies" in intelligence collection, analysis and execution, as well as a fulltime staff and consultants to conduct special inquiries. It will report at least semiannually, but Mrs. Armstrong said she expected that her group

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to direct access to the President, the advisory board would report "more frequently" through Edwin Meese 3d, counselor to Mr. Reagan, with recommendations.

Once Had Authority to Initiate

Mr. Allen was less specific about the oversight panel, and his office declined to respond to questions about mandate and operations. Under the Carter Administration, the panel also had three members and was given authority to initiate investigations into possible abuses by intelligence agencies.

However, a proposed executive order governing intelligence activities being reviewed by the Reagan Administration would limit the oversight panel to conducting investigations of charges actually reported to it.

Although President Reagan vowed in his campaign to re-establish the advisory board, the appointments to both groups were repeatedly delayed by fierce jockeying for membership.

The advisory board is composed of some long-time friends of Mr. Reagan's, such as Alfred S. Bloomingdale, chairman of the board of Diners Club, and Clare Boothe Luce, who served on the panel in 1973-77.

An appointment that has already stirred some debate is that of H. Ross Perot, chairman of the board of Electronic Data Systems in Dallas, who announced last year that his company had begun a private effort to free the American hostages held in Iran.

In addition to Mr. Campbell, members of the oversight panel are Frank D. Stella, president of the F. D. Stella Products Company in Detroit, and Charles Tyroler 2d, a Democrat identified as a business "consultant on national problems," and a Director of the Committee on the Present Danger, a conservative group.